ADVANCED ANALOG TECHNOLOGY, INC.

FINANCIAL STATEMENTS AND REPORT OF

INDEPENDENT ACCOUNTANTS

JUNE 30, 2013 AND 2012

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13000038

To the Board of Directors and Stockholders of Advanced Analog Technology, Inc.

We have reviewed the accompanying balance sheets of Advanced Analog Technology, Inc. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the related statements of comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, and the statements of changes in equity and the statements of cash flows for the six-month periods ended June 30, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a conclusion on these financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36 "Review of Financial Statements" in the Republic of China (the "R.O.C."). A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above in order for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34 "Interim Financial Reporting" and IFRS 1 "First-time Adoption of International Financial Reporting Standards" endorsed by the Financial Supervisory Commission of R.O.C.

PricewaterhouseCoopers, Taiwan
Hsinchu, Taiwan
Republic of China

August 5, 2013

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADVANCED ANALOG TECHNOLOGY, INC.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

			June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets									
1100	Cash and cash equivalents	6(1)	$ 525,989	41	$ 522,764	42	$ 625,498	46	$ 540,773	46
1170	Accounts receivable, net	6(2)	305,446	24	255,776	20	267,592	20	189,868	16
1200	Other receivables		4,293	-	6,429	1	13	-	919	-
130X	Inventory	6(3)	108,346	9	118,332	10	128,981	10	83,114	7
1410	Prepayments		1,781	-	3,372	-	2,823	-	8,144	1
1470	Other current assets	8	541	-	534	-	535	-	529	-
11XX	**Current Assets**		946,396	74	907,207	73	1,025,442	76	823,347	70
	Non-current assets									
1600	Property, plant and equipment	6(4)	254,493	20	257,636	21	261,684	20	266,493	23
1780	Intangible assets	6(5)	51,472	4	54,265	4	38,411	3	45,632	4
1840	Deferred income tax assets	6(15)	16,744	1	26,875	2	16,062	1	31,354	3
1900	Other non-current assets		5,083	1	5,098	-	3,772	-	3,762	-
15XX	**Non-current assets**		327,792	26	343,874	27	319,929	24	347,241	30
1XXX	**Total assets**		$ 1,274,188	100	$ 1,251,081	100	$ 1,345,371	100	$ 1,170,588	100
	Liabilities and Equity									
	Current liabilities									
2170	Accounts payable		$ 97,610	8	$ 117,672	9	$ 207,494	16	$ 84,420	7
2200	Other payables	6(6)	124,376	10	56,773	5	112,871	8	61,819	5
2230	Current income tax liabilities	6(15)	4,729	-	12,400	1	9,648	1	10,175	1
2300	Other current liabilities		946	-	2,854	-	1,189	-	3,793	1
21XX	**Current Liabilities**		227,661	18	189,699	15	331,202	25	160,207	14
	Non-current liabilities									
2600	Other non-current liabilities		7,875	-	10,742	1	-	-	-	-
25XX	**Non-current liabilities**		7,875	-	10,742	1	-	-	-	-
2XXX	**Total Liabilities**		235,536	18	200,441	16	331,202	25	160,207	14

(Continued)

ADVANCED ANALOG TECHNOLOGY, INC.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	June 30, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
	Share capital	6(8)								
3110	Common stock		$ 386,151	30	$ 386,151	31	$ 386,151	29	$ 386,151	33
	Capital surplus	6(9)								
3200	Capital surplus		369,133	29	369,133	29	369,133	27	369,133	31
	Retained earnings	6(10)								
3310	Legal capital reserve		170,485	14	161,539	13	161,539	12	151,076	13
3350	Unappropriated retained earnings		112,883	9	133,817	11	97,346	7	104,021	9
3XXX	**Total equity**		1,038,652	82	1,050,640	84	1,014,169	75	1,010,381	86
	Significant contingent liabilities and unrecognised contract commitments	9								
	Total liabilities and equity		$ 1,274,188	100	$ 1,251,081	100	$ 1,345,371	100	$ 1,170,588	100

The accompanying notes are an integral part of these financial statements.

ADVANCED ANALOG TECHNOLOGY, INC.
STATEMENTS OF INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	Three months ended June 30 2013 AMOUNT	%	Three months ended June 30 2012 AMOUNT	%	Six months ended June 30 2013 AMOUNT	%	Six months ended June 30 2012 AMOUNT	%
4000	**Sales revenue**		$ 271,192	100	$ 373,343	100	$ 563,720	100	$ 665,550	100
5000	**Operating costs**	6(3)(11)(12)	(202,874)	(75)	(270,562)	(73)	(424,982)	(75)	(473,309)	(71)
5900	**Net operating margin**		68,318	25	102,781	27	138,738	25	192,241	29
	Operating expenses	6(11)(12)								
6100	Selling expenses		(5,064)	(2)	(6,624)	(2)	(11,112)	(2)	(11,909)	(2)
6200	General & administrative expenses		(11,312)	(4)	(11,104)	(3)	(23,248)	(4)	(21,426)	(3)
6300	Research and development expenses		(39,163)	(14)	(39,018)	(10)	(77,903)	(14)	(78,541)	(12)
6000	**Total operating expenses**		(55,539)	(20)	(56,746)	(15)	(112,263)	(20)	(111,876)	(17)
6900	**Operating profit**		12,779	5	46,035	12	26,475	5	80,365	12
	Non-operating income and expenses									
7010	Other income	6(13)	4,319	2	7,746	2	18,667	3	1,819	1
7020	Other gains and losses	6(14)	874	-	(3,694)	(1)	4,254	1	(6,907)	(1)
7050	Finance costs		-	-	-	-	(12)	-	(1)	-
7000	**Total non-operating income and expenses**		5,193	2	4,052	1	22,909	4	(5,089)	-
7900	**Profit before income tax**		17,972	7	50,087	13	49,384	9	75,276	12
7950	Income tax (expense) benefit	6(15)	(7,471)	(3)	(16,703)	(4)	(15,034)	(3)	(25,150)	(4)
8200	**Profit for the period**		$ 10,501	4	$ 33,384	9	$ 34,350	6	$ 50,126	8
8500	**Total comprehensive income for the period**		$ 10,501	4	$ 33,384	9	$ 34,350	6	$ 50,126	8
	Basic earnings per share									
9750	**Basic earnings per share (In dollars)**	6(16)	$ 0.27		$ 0.87		$ 0.89		$ 1.30	
	Diluted earnings per share									
9850	**Diluted earnings per share (In dollars)**	6(16)	$ 0.27		$ 0.84		$ 0.87		$ 1.27	

The accompanying notes are an integral part of these financial statements.

ADVANCED ANALOG TECHNOLOGY, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings		
	Share capital - common stock	Capital surplus, additional paid-in capital	Legal capital reserve	Unappropriated retained earnings	Total equity
Six-month period ended June 30, 2012					
Balance at January 1, 2012	$ 386,151	$ 369,133	$ 151,076	$ 104,021	$ 1,010,381
Distribution of 2011 retained earnings					
Legal capital reserve	-	-	10,463	(10,463)	-
Cash dividends	-	-	-	(46,338)	(46,338)
Profit for the period	-	-	-	50,126	50,126
Balance at June 30, 2012	$ 386,151	$ 369,133	$ 161,539	$ 97,346	$ 1,014,169
Six-month period ended June 30, 2013					
Balance at January 1, 2013	$ 386,151	$ 369,133	$ 161,539	$ 133,817	$ 1,050,640
Distribution of 2012 retained earnings					
Legal capital reserve	-	-	8,946	(8,946)	-
Special capital reserve	-	-	-	(46,338)	(46,338)
Profit for the period	-	-	-	34,350	34,350
Balance at June 30, 2013	$ 386,151	$ 369,133	$ 170,485	$ 112,883	$ 1,038,652

The accompanying notes are an integral part of these financial statements.

ADVANCED ANALOG TECHNOLOGY, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax for the period	$ 49,384	$ 75,276
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Income and expenses having no effect on cash flows		
Provision (reversal of allowance) for doubtful accounts	(2,584)	785
Depreciation	4,953	6,855
Amortization	11,255	10,218
Interest expense	12	1
Interest income	(1,514)	(2,085)
Loss on disposal of property, plant and equipment	-	66
Reclassification of intangible assets to expenses	7,015	8,750
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Accounts receivable	(47,086)	(78,509)
Other receivables	1,903	906
Inventory	9,986	(45,867)
Prepayments	1,591	5,321
Net changes in liabilities relating to operating activities		
Accounts payable	(20,062)	123,074
Other payables	21,448	4,586
Advance receipts	(94)	-
Other current liabilities	(1,814)	(2,604)
Other non-current liabilities	(2,867)	-
Cash provided by operations	31,526	106,773
Cash paid for income tax	(12,574)	(10,385)
Interest received	1,747	2,085
Net cash provided by operating activities	20,699	98,473
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other financial assets	(7)	(6)
Acquisition of property, plant and equipment	(1,993)	(2,135)
Proceeds from disposal of property, plant and equipment	-	151
Increase in intangible assets	(15,477)	(11,747)
Decrease in guarantee deposits out	15	-
Increase in guarantee deposits out	-	(10)
Net cash used in investing activities	(17,462)	(13,747)
CASH FLOWS FROM FINANCING ACTIVITY		
Interest paid	(12)	(1)
Net cash used in financing activity	(12)	(1)
Increase in cash and cash equivalents	3,225	84,725
Cash and cash equivalents at beginning of period	522,764	540,773
Cash and cash equivalents at end of period	$ 525,989	$ 625,498
Cash paid for acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 1,810	$ 2,263
Net change in property, plant and equipment payable	183	(128)
Cash paid	$ 1,993	$ 2,135
Financing activities not affecting cash flows		
Declared cash dividends not yet paid	$ 46,338	$ 46,338

The accompanying notes are an integral part of these financial statements.

ADVANCED ANALOG TECHNOLOGY, INC.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Advanced Analog Technology, Inc. (the "Company") was incorporated on March 25, 1999, and moved into the Hsinchu Science Park in January 2003 after obtaining the approval of the Science Park Administration Bureau. The Company's common shares were publicly listed on the Gre Tai ecurities Market (GTSM) on July 19, 2006. The Company's main activities are the design, research, development, manufacture and sale of analog ICs.

As of June 30, 2013, the Company had 103 employees.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on August 5, 2013.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed by the Financial Supervisory Commission ("FSC")

Not applicable as it is the first-time adoption of IFRSs by the Company this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

IFRS 9, 'Financial Instruments': Classification and measurement of financial instruments

A. The International Accounting Standards Board (the "IASB") published IFRS 9, 'Financial Instruments', in November, 2009, which will take effect on January 1, 2015 with early application permitted. Although the FSC has endorsed IFRS 9, the FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (the "IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Company.

C. The Company has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption does not have significant impact on the financial statements.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

The following are the new standards and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparers received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	January 1, 2015
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, ' Financial instruments:Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11,'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28,'Investments in associates and joint ventures'(as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11 , 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	Stripping costs that meet certain criteria should be recognised as the 'stripping activity asset'. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, 'Inventories'.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity 'currently has a legally enforceable right to set off the recognised amounts' and gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Mandatory effective date and transition disclosures (amendment to IFRS 7 and IFRS 9)	The mandatory effective date has been postponed to January 1, 2015.	January 1, 2015
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9,'Financial instruments', and IAS 20,'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRS.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014

The Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance Statement

A. These interim financial statements are the first second quarter-end financial statements prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34, 'Interim Financial Reporting', and IFRS 1, 'First-time Adoption of International Financial Reporting Standards', as endorsed by the FSC.

B.In the preparation of the balance sheet of January 1, 2012 (the date of transition to IFRSs), the Company has adjusted the amounts that were reported in the financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the "IFRSs") on the Company's financial position, operating results and cash flows.

(2) Basis of preparation

A.Except for the following item, these financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized prior period's service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.

B.The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency and the Company's presentation currency.

A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b)Monetary assets and liabilities denominated in foreign currencies at the periods end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d)Foreign exchange gains and losses that relate to cash and cash equivalents and borrowings are presented in the statement of comprehensive income within ‘other income’ or ‘finance costs’. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

A.Assets that meets one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a)Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realized within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B.Liabilities that meets one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a)Liabilities that are expected to be paid off within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be paid off within twelve months from the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

A.In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

B.Cash equivalents refer to short-term highly liquid investments that meet both the following criteria:

(a)Readily convertible to known amount of cash; and

(b)Subject to an insignificant risk of changes in value.

(6) Loans and receivables

A.Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity when selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(7) Impairment of financial assets

A.The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B.The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the debtor;

(b)The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(c)It becomes probable that the borrower will enter bankruptcy or other financial reorganization; or

(d)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group.

C.When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows:

For financial assets measured at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent periods, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(8) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A.The cash flows from the financial asset have been received.

B.The contractual rights to receive cash flows from the financial asset expire.

C.The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

D.The contractual rights to receive cash flows from the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work-in-process comprises raw materials, direct labor, other direct costs and related production overheads. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(10) Property, plant and equipment

A.Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction periods are capitalized.

B.Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial periods in which they are incurred.

C.Land is not depreciated. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

D.The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	10~50 years
Machinery and equipment	3~10 years
Utility equipment	1~5 years
Leasehold assets	5~10 years

E.Gain or loss on the disposal of property, plant and equipment is accounted for as non-operating income and expenses in the statement of income.

(11) Intangible assets

A.Internally generated intangible assets－research and development expenditures

(a)Development expenditures that do not meet the following criteria are recognised as expenses as incurred, but are recognised as intangible assets when the following criteria are met:

i.It is technically feasible to complete the intangible asset so that it will be available for use or sale;

ii.An entity intends to complete the intangible asset and use or sell it;

iii.An entity has the ability to use or sell the intangible asset;

iv.It can be demonstrated how the intangible asset will generate probable future economic benefits;

v.Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

vi.The expenditure attributable to the intangible asset during its development can be reliably measured.

(b)Upon being available for use, internally generated intangible assets are amortised on a straight-line basis over their estimated useful life of 2 years.

B.Patent

Patent is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 years.

C.Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

D.Intangible assets, mainly Masks and Network Engineering, are amortised on a straight-line basis over their estimated useful lives of 1~2 years.

(12) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(13) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at mortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(14) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(15) Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B.Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plans

i. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the periods in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

iv. Pension cost for interim periods is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C.Employees’ bonus and directors’ and supervisors’ remuneration

Employees’ bonus and directors’ and supervisors’ remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees’ bonus and directors’ and supervisors’ remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders’ meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Company calculates the number of shares of employees’ stock bonus based on the fair value per share at the previous day of the stockholders’ meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(16) Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B.The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheets. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D.Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E.Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F.Tax preference given for expenditures incurred on research and development, is recorded using the income tax credits accounting.

G.The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(17) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

(18) Dividends

Dividends are recorded in the Company's financial statements in the periods in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(19) Revenue recognition

The Company designs, manufactures and sells analog ICs. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(20) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman of the Board that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Judgements and estimates are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgements in applying the Company accounting policies

None.

(2) Critical accounting estimates and assumptions

A.Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of June 30, 2013, the Company recognized deferred income tax assets amounting to $16,744.

B.Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such a valuation of inventories is principally based on the demand for the products within the specified periods in the future. Therefore, there might be material changes to the valuation.

As of June 30, 2013, the carrying amount of inventories was $108,346.

C.Calculation of accrued pension obligations

When calculating the present value of defined pension obligotions, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets, Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of June 30, 2013 the carrying amount of accrued pension obligations was $4,038. When the discount rate increase or decrease by 0.25%, the estimated prepaid pension expense will increase by $291 or decrease by $307, respectively.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2013	December 31, 2012
Cash on hand and petty cash	$ 100	$ 229
Checking accounts	97	194
Demand deposits	141,900	114,571
Time deposits	383,892	407,770
	$ 525,989	$ 522,764

	June 30, 2012	January 1, 2012
Cash on hand and petty cash	$ 100	$ 100
Checking accounts	237	338
Demand deposits	214,643	116,441
Time deposits	410,518	423,894
	$ 625,498	$ 540,773

A.The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B.The Company has no cash and cash equivalents pledged to others.

(2) Accounts receivable

	June 30, 2013	December 31, 2012
Accounts receivable	$ 305,446	$ 258,360
Less: allowance for bad debts	-	(2,584)
	$ 305,446	$ 255,776

	June 30, 2012	January 1, 2012
Accounts receivable	$ 270,295	$ 191,786
Less: allowance for bad debts	(2,703)	(1,918)
	$ 267,592	$ 189,868

A.As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Company's accounts receivable that were neither past due nor impaired had good credit quality.

B.Movements on the Company's provision for impairment of accounts receivable are as follows:

	For the six- month periods ended June 30,	
	2013	2012
Balance, beginning of the period	$ 2,584	$ 1,918
Reversal of impairment	(2,584)	-
Write-off during the period	-	(121)
Provision for doubtful accounts	-	906
Balance, end of the period	$ -	$ 2,703

The allowance of accounts receivable is used in recorded bad debt which will probably happen in the near future.When the company believe the possibility of the collection of the bad debt is lower than 50% or even lower, it will write off the allowance of the bad debt and the accounts receivable directly since it is lack of the economic value.

C.The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	June 30, 2013	December 31, 2012
Group A	$ 56	$ 113,500
Group B	70,252	50,418
Group C	235,138	91,858
	$ 305,446	$ 255,776

	June 30, 2012	January 1, 2012
Group A	$ -	$ 575
Group B	52,310	27,708
Group C	215,282	161,585
	$ 267,592	$ 189,868

Note:

Group 1: New customers (less than 6 months from the first transaction).

Group 2: Existing customers (more than 6 months from the first transaction) that are unlisted companies.

Group 3: Existing customers (more than 6 months from the first transaction) that are listed companies

D.As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the maximum exposure to credit risk was the carrying amount of each class of accounts receivable.

E.As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Company holds commercial papers as security for accounts receivable. The fair value of the collateral amounted to $34,000, $34,000, $112,000 and $111,000, respectively.

(3) Inventories

	June 30, 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 7,845	($ 3,401)	$ 4,444
Work-in-process	57,066	(4,677)	52,389
Finished goods	60,526	(9,013)	51,513
Total	$ 125,437	($ 17,091)	$ 108,346

	December 31, 2012		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 10,990	($ 3,054)	$ 7,936
Work-in-process	62,384	(4,472)	57,912
Finished goods	57,449	(4,965)	52,484
Total	$ 130,823	($ 12,491)	$ 118,332

	June 30, 2012		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 13,151	($ 3,537)	$ 9,614
Work-in-process	72,579	(4,941)	67,638
Finished goods	63,405	(11,676)	51,729
Total	$ 149,135	($ 20,154)	$ 128,981

	January 1, 2012		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 11,488	($ 2,932)	$ 8,556
Work-in-process	41,092	(3,685)	37,407
Finished goods	43,288	(6,137)	37,151
Total	$ 95,868	($ 12,754)	$ 83,114

For the three-month and six-month periods ended June 30, 2013 and 2012, the cost of inventories recognized as expense were $202,874, $270,562, $424,982 and $473,309, respectively, including the amounts of $1,000, $6,000, $4,600 and $7,400 that the Company wrote down from cost to net realizable value accounted for as ‘cost of goods sold’.

(4) Property, plant and equipment

	Land	Buildings	Machinery	Office equipment	Leasehold improvements	Total
At January 1, 2013						
Cost	$ 141,574	$ 105,894	$ 37,710	$ 18,895	$ 10,108	$314,181
Accumulated amortization and impairment	-	(12,838)	(22,952)	(13,816)	(6,939)	(56,545)
	$ 141,574	$ 93,056	$ 14,758	$ 5,079	$ 3,169	$257,636
Six-month period ended June 30, 2013						
Opening net book amount	$ 141,574	$ 93,056	$ 14,758	$ 5,079	$ 3,169	$257,636
Additions	-	-	1,647	163	-	1,810
Depreciation	-	(1,488)	(1,886)	(1,279)	(300)	(4,953)
Closing net book amount	$ 141,574	$ 91,568	$ 14,519	$ 3,963	$ 2,869	$254,493
At June 30, 2013						
Cost	$ 141,574	$ 105,894	$ 39,357	$ 19,023	$ 10,108	$315,956
Accumulated amortization and impairment	-	(14,326)	(24,838)	(15,060)	(7,239)	(61,463)
	$ 141,574	$ 91,568	$ 14,519	$ 3,963	$ 2,869	$254,493

	Land	Buildings	Machinery	Office equipment	Leasehold improvements	Total
At January 1, 2012						
Cost	$ 141,574	$ 105,894	$ 35,639	$ 18,973	$ 10,108	$312,188
Accumulated amortization and impairment	-	(9,865)	(18,782)	(10,724)	(6,324)	(45,695)
	$ 141,574	$ 96,029	$ 16,857	$ 8,249	$ 3,784	$266,493
Six-month period ended June 30, 2012						
Opening net book amount	$ 141,574	$ 96,029	$ 16,857	$ 8,249	$ 3,784	$266,493
Additions	-	-	2,091	172	-	2,263
Disposals	-	-	(217)	-	-	(217)
Depreciation	-	(1,487)	(2,809)	(2,246)	(313)	(6,855)
Closing net book amount	$ 141,574	$ 94,542	$ 15,922	$ 6,175	$ 3,471	$261,684
At June 30, 2012						
Cost	$ 141,574	$ 105,894	$ 36,808	$ 19,145	$ 10,108	$313,529
Accumulated amortization and impairment	-	(11,352)	(20,886)	(12,970)	(6,637)	(51,845)
	$ 141,574	$ 94,542	$ 15,922	$ 6,175	$ 3,471	$261,684

For the six-month periods ended June 30, 2013 and 2012, the capitalized interest amounted to $0.

(5) Intangible assets

	Patents	Software	Others	Total
At January 1, 2013				
Cost	$ 755	$ 44,596	$ 33,142	$ 78,493
Accumulated amortization and impairment	(469)	(17,813)	(5,946)	(24,228)
	$ 286	$ 26,783	$ 27,196	$ 54,265
Six-month period ended June 30, 2013				
Opening net book amount	$ 286	$ 26,783	$ 27,196	$ 54,265
Additions — acquired separately	65	2,947	12,465	15,477
Reclassifications	-	-	(7,015)	(7,015)
Amortisation charge	(168)	(7,506)	(3,581)	(11,255)
Closing net book amount	$ 183	$ 22,224	$ 29,065	$ 51,472
At June 30, 2013				
Cost	$ 512	$ 38,222	$ 34,590	$ 73,324
Accumulated amortization and impairment	(329)	(15,998)	(5,525)	(21,852)
	$ 183	$ 22,224	$ 29,065	$ 51,472

	Patents	Software	Others	Total
At January 1, 2012				
Cost	$ 1,085	$ 33,274	$ 34,016	$ 68,375
Accumulated amortization and impairment	(589)	(15,054)	(7,100)	(22,743)
	$ 496	$ 18,220	$ 26,916	$ 45,632
Six-month period ended June 30, 2012				
Opening net book amount	$ 496	$ 18,220	$ 26,916	$ 45,632
Additions — acquired separately	170	2,649	8,928	11,747
Reclassifications	-	-	(8,750)	(8,750)
Amortisation charge	(268)	(5,839)	(4,111)	(10,218)
Closing net book amount	$ 398	$ 15,030	$ 22,983	$ 38,411
At June 30, 2012				
Cost	$ 1,013	$ 35,771	$ 33,318	$ 70,102
Accumulated amortization and impairment	(615)	(20,741)	(10,335)	(31,691)
	$ 398	$ 15,030	$ 22,983	$ 38,411

A.Details of amortisation on intangible assets are as follows:

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012
Operating costs	$ 1,632	$ 1,929
Selling expenses	11	-
Administrative expenses	400	462
Research and development expenses	3,530	2,694
	$ 5,573	$ 5,085

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Operating costs	$ 3,239	$ 3,850
Selling expenses	18	-
Administrative expenses	869	955
Research and development expenses	7,129	5,413
	$ 11,255	$ 10,218

B.For the six-month periods ended June 30, 2013 and 2012, the capitalized interest amounted to $0.

(6) Other payables

	June 30, 2013	December 31, 2012
Accrued salaries	$ 17,251	$ 4,938
Accrued directors' and employees' bonuses	30,085	21,739
Cash dividends payable	46,338	-
Others	30,702	30,096
	$ 124,376	$ 56,773

	June 30, 2012	January 1, 2012
Accrued salaries	$ 11,868	$ 15,434
Accrued directors' and employees' bonuses	38,052	25,424
Cash dividends payable	46,338	-
Others	16,613	20,961
	$ 112,871	$ 61,819

(7) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of a retirement fund monitoring committee.

(b) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 7,802	$ 7,355
Fair value of plan assets	(11,840)	(10,062)
Present value of unfunded obligations	(4,038)	(2,707)
Unrecognised actuarial losses/(gains)	-	-
Unrecognised past service cost	-	-
Net asset in the balance sheet	($ 4,038)	($ 2,707)

(c) The Company recognized pension expenses of $397, $436, $784 and $863 in the statement of comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

(d) As of December 31, 2012, cumulative actuarial losses recognized in other comprehensive income were $414.

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of June 30, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligation period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by Taiwan local banks.

(f) The principal actuarial assumptions used were as follows:

	2012	2011
Discount rate	1.75%	2.00%
Future salary increases	3.00%	3.00%
Expected return on plan assets	1.75%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(g) Historical information of experience adjustments was as follows:

	2012
Present value of defined benefit obligation	$ 7,502
Fair value of plan assets	(11,840)
Surplus in the plan	($ 4,338)
Experience adjustments on plan liabilities	($ 209)
Experience adjustments on plan assets	$ 114

(h) Expected contributions to the defined benefit pension plans of the Company within one year from June 30, 2013 amounts to $1,542.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) For the three-month and six-month periods ended June 30, 2013 and 2012, the Company recognized pension expenses based on the above pension plan amounting to $1,155, $1,256, $2,283 and $2,538, respectively.

(8) Share capital

As of June 30, 2013, the Company's authorized capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $386,151 with a par value of $10 (in NT dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2013	2012
At January 1	38,615,110	38,615,110
Balance, end of the period	38,615,110	38,615,110

(9) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(10) Retained earnings

A. According to the Company's Articles of Incorporation, 10% of its net income, after offsetting any accumulated deficit, shall be set aside as legal reserve until legal reserve is equal to issued capital, and an amount equal to the deduction item in stockholders' equity shall be set aside as special reserve according to ROC securities regulations. The balance shall be appropriated as follows:

(a) No less than 5% as bonuses to employees.

(b) 2% as remuneration to directors.

(c) After the above appropriations, the Company retains a portion of remaining earnings (including beginning balances) before being distributed to stockholders.

The distribution of employees' bonuses may include the employees of the Company's subsidiaries under the conditions set by the Board of Directors.

B. As the Company's industry is in the growth stage, in order to be in line with the industry's overall environment and its characteristics and pursue the goals of the Company's sustainable operations and shareholders' long-term interests, the dividend policy is adopted taking into consideration the Company's actual operating results of the dividend distribution year and the capital budget planning of the following year. Dividends are distributed in the form of stock or cash. According to the Company's dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the amount of the associated special reserve could be released and included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E.For the three-month and six-month periods ended June 30, 2013 and 2012, employees' bonus was accrued at $2,363, $7,385, $7,728 and $11,693, respectively; directors' and supervisors' remuneration were accrued at $189, $591, $618 and $935, respectively. Employees' bonus and directors' and supervisors' remuneration of 2012 as resolved by the stockholders were in agreement with those amounts recognised in the 2012 financial statements.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F.Dividends distributed to owners both amounted to $46,338 ($1.2 (in dollars) per share) for the years ended December 31, 2013 and 2012. On June 19, 2013, the Board of Directors proposed that total dividends for 2013 to be $46,338 at $1.2 (in dollars) per share.

(11) Expenses by nature

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012
Employee benefit expense	$ 30,879	$ -
Depreciation charges on property, plant and equipment	2,483	3,439
Amortisation charges on intangible assets	5,573	5,085
Raw materials and supplies used	97,459	171,776
Change in inventory of finished goods and work-in-process	15,894	(38,460)
Out sourced manufacturing	79,615	120,144
Other expenses	26,510	26,541
Operating costs and operating expenses	$ 258,413	$ 327,308

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Employee benefit expense	$ 63,074	$ 76,564
Depreciation charges on property, plant and equipment	4,953	6,855
Amortisation charges on intangible assets	11,255	10,218
Raw materials and supplies used	225,599	290,890
Change in inventory of finished goods and work-in-process	(241)	(54,380)
Out sourced manufacturing	177,499	207,963
Other expenses	55,106	47,075
Operating costs and operating expenses	$ 537,245	$ 585,185

(12) Employee benefit expense

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012
Wages and salaries	$ 26,933	$ 34,355
Labor and health insurance fees	1,831	2,087
Pension costs	1,552	1,692
Other personnel expenses	563	649
	$ 30,879	$ 38,783

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Wages and salaries	$ 55,183	$ 67,645
Labor and health insurance fees	3,692	4,202
Pension costs	3,067	3,401
Other personnel expenses	1,132	1,316
	$ 63,074	$ 76,564

(13) Other income

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012
Interest income:		
Interest income from bank deposits	$ 846	$ 1,042
Other interest income	3	3
Net currency exchange gains (losses)	3,174	6,549
Other income	296	152
Total	$ 4,319	$ 7,746

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Interest income:		
Interest income from bank deposits	$ 1,510	$ 2,081
Other interest income	4	4
Net currency exchange gains (losses)	13,930	(599)
Other income	3,223	333
Total	$ 18,667	$ 1,819

(14) Other gains and losses

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012
Net currency exchange gains	$ 988	$ 587
Losses on disposal of property, plant and equipment	-	(75)
Other losses	(114)	(4,206)
Total	$ 874	($ 3,694)

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Net currency exchange gains (losses)	$ 5,246	($ 2,635)
Losses on disposal of property, plant and equipment	-	(66)
Other losses	(992)	(4,206)
Total	$ 4,254	($ 6,907)

(15) Income tax

A.Income tax expense

a)Components of income tax expense:

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012
Current tax:		
Current tax on profits for the period	$ 2,750	$ 6,350
Adjustments in respect of prior years	-	3
Total current tax	2,750	6,353
Deferred tax:		
Origination and reversal of temporary differences	4,721	10,350
Total deferred tax	4,721	10,350
Income tax expense	$ 7,471	$ 16,703

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Current tax:		
Current tax on profits for the period	$ 4,903	$ 9,855
Adjustments in respect of prior years	-	3
Total current tax	4,903	9,858
Deferred tax:		
Origination and reversal of temporary differences	10,131	15,292
Total deferred tax	10,131	15,292
Income tax expense	$ 15,034	$ 25,150

b)The income tax (charge)/credit relating to components of other comprehensive income : None.

c)The income tax charged / (credited) to equity during the period : None.

B.The Company's income tax returns have been assessed and approved by the Tax Authority through 2010.

C.Unappropriated retained earnings:

	June 30, 2013	December 31, 2012
Earnings generated in and after 1998	$ 112,883	$ 133,817

	June 30, 2012	January 1, 2012
Earnings generated in and after 1998	$ 97,346	$ 104,021

D.As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the balance of the imputation tax credit account was $17,853, $5,048, $5,048 and $410, respectively. The creditable tax rate was 10.23% for 2011 and is estimated to be 13.34% for 2012. The estimated creditable tax rate for 2012 was calculated based on the proposed amendment rules of Income Tax Law.

E.The Company is entitled to investment tax credits arising from research and development expenditures pursuant to the Statute for Upgrading Industries. The investment tax credits may be applied over a period of five years to offset against income tax payable. As of June 30, 2013, the Company is entitled to the following tax incentives:

Year of Investment	Applicable Law	Selected Tax Incentive	Approval by the Ministry of Finance	Tax Exemption Period
Capitalization of retained earnings and employee bonuses in year 2005	Emerging, important, and strategic industry	Tax exemption from corporate income tax for five years	Sep-08	2009.01.01~ 2013.12.31
Capital increase in year 2006, and capitalization of retained earnings and employee bonuses in year 2006	Emerging, important, and strategic industry	Tax exemption from corporate income tax for five years	Oct-12	2014.01.01~ 2017.09.30

F.As of June 30, 2013, unused tax credits and their respective years of expiration were as follows:

Qualifying item	Total tax credits	Unused tax credits	Final year tax credits are due
Research and development	$ 26,877	$ 19,794	2013

(16) Earnings per share

	For the three-month period ended June 30, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands of shares)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to equity holders of the company	$ 10,501	38,615	$ 0.27
Diluted earnings per share			
Profit attributable to equity holders of the company	$ 10,501		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	954	
Profit attributable to equity holders of the company plus assumed conversion of all dilutive potential ordinary shares	$ 10,501	$ 39,569	$ 0.27

	For the three-month period ended June 30, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands of shares)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to equity holders of the company	$ 33,384	38,615	$ 0.87
Diluted earnings per share			
Profit attributable to equity holders of the company	$ 33,384		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	993	
Profit attributable to equity holders of the company plus assumed conversion of all dilutive potential ordinary shares	$ 33,384	39,608	$ 0.84

	For the six-month period ended June 30, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands of shares)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to equity holders of the company	$ 34,350	38,615	$ 0.89
Diluted earnings per share			
Profit attributable to equity holders of the company	$ 34,350		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	998	
Profit attributable to equity holders of the company plus assumed conversion of all dilutive potential ordinary shares	$ 34,350	$ 39,613	$ 0.87

	For the six-month period ended June 30, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands of shares)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to equity holders of the company	$ 50,126	38,615	$ 1.30
Diluted earnings per share			
Profit attributable to equity holders of the company	$ 50,126		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,007	
Profit attributable to equity holders of the company plus assumed conversion of all dilutive potential ordinary shares	$ 50,126	39,622	$ 1.27

(17) Operating leases

The Company leases in office assets under non-cancellable operating lease agreements. These leases terms are between 1 and 5 years, and all these lease agreements are renewable at the end of the lease period. Contingent rents of $912, $973, $1,911 and $1,845 were recognised for these leases in profit or loss for the three-month and six-month periods ended June 30, 2013 and 2012, respectively. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	June 30, 2013	December 31, 2012
Not later than one year	$ 2,068	$ 1,878
Later than one year but not later than five years	511	1,408
Total	$ 2,579	$ 3,286

	June 30, 2012	January 1, 2012
Not later than one year	$ 888	$ 435
Later than one year but not later than five years	431	761
Total	$ 1,319	$ 1,196

7. RELATED PARTY TRANSACTIONS

(1) Names and relationships of related parties

Names of the related parties	Relationship with the Company
Directors, General Manager and Vice General Manager	Key management personnel of the Company

(2) Significant transactions and balances with related parties:none

(3) Key management compensation

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012
Salaries	$ 1,840	$ 1,863
Bonus and special allowances	275	298
Employees' bonus	950	1,087
Directors' remuneration	189	403
Total	$ 3,254	$ 3,651

	For the six-month period ended June 30, 2013	For the tix-month period ended June 30, 2012
Salaries	$ 3,712	$ 3,725
Bonus and special allowances	573	596
Employees' bonus	2,050	2,175
Directors' remuneration	618	805
Total	$ 6,953	$ 7,301

A.Salaries include regular wages, special responsibility allowances, pensions, severance pay, etc.

B.Bonuses include various bonuses and rewards.

C.Earnings distribution means directors' remuneration and employees' bonus accrued in current year.

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged assets	June 30, 2013	December 31, 2012	Pledge purpose
Time Deposit (shown under other current assets)	$ 541	$ 534	Guarantees for customs duty on imports

	Book value		
Pledged assets	June 30, 2012	January 1, 2012	Pledge purpose
Time Deposit (shown under other current assets)	$ 535	$ 529	Guarantees for customs duty on imports

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Operating leases commitments are provided in Note 6 (17).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

In order to safeguard the Company's ability to adapt to the changes in the industry and to accelerate the new product development, the Company's objectives when managing capital are to maintain the sufficient financial resources to support the operating capital, capital expenditures, research and development activities and dividend paid to shareholders, etc.

(2) Financial instruments

A. Except for those listed in the table below, the carrying amounts measured at amortized cost approximate the fair values of the Group's financial instruments, including cash and cash equivalents, notes payable, accounts receivable, other receivables, short-term loan, notes payable, accounts payable and other payables are approximate to their fair value :

	June 30, 2013	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 541	$ 541

	December 31, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 534	$ 534

	June 30, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 535	$ 535

	January 1, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 529	$ 529

B. Financial risk management policies

a) The Company's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

b) Risk management is carried out by a finance department under policies approved by the Board of Directors. Company's finance department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD . Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

- The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2013		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,451	30.00	$ 433,530
RMB:NTD	9,444	4.877	46,058
Financial liabilities			
Monetary items			
USD:NTD	$ 2,314	30.00	$ 69,420
RMB:NTD	81	4.877	395

	December 31, 2012		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 22,499	29.040	$ 653,371
RMB:NTD	76	4.660	354
Financial liabilities			
Monetary items			
USD:NTD	$ 2,543	29.040	$ 73,849
RMB:NTD	75	4.660	350

	June 30, 2012		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 21,789	29.88	$ 651,055
RMB:NTD	258	4.701	1,213
Financial liabilities			
Monetary items			
USD:NTD	$ 4,380	29.88	$ 130,874
RMB:NTD	68	4.701	320

	January 1, 2012		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,540	30.275	$ 440,199
RMB:NTD	284	4.807	1,365
Financial liabilities			
Monetary items			
USD:NTD	$ 1,789	30.275	$ 54,162
RMB:NTD	131	4.807	630

- Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the six-month period ended June 30, 2013		
	Sensitivity Analysis		
	Extent of Variation	Effect on Profit or Loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 4,335	$ 4,335
RMB:NTD	1%	461	461
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 694)	($ 694)
RMB:NTD	1%	(4)	(4)

	For the six-month period ended June 30, 2012		
	Sensitivity Analysis		
	Extent of Variation	Effect on Profit or Loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,511	$ 6,511
RMB:NTD	1%	12	12
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 1,309)	($ 1,309)
RMB:NTD	1%	(3)	(3)

b) Credit risk

i.Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

ii.No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The Company had been neither past due nor impaired is provided in the statement for each type financial assets in Note 6.

iv. The Company had been due nor impaired is provided in the statement for each type financial assets in Note 6.

vi.The individual analysis of financial assets that had been impaired is provided in the statement for each type financial assets in Note 6.

c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by finance department. Finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the finance department. Finance department invests surplus cash in interest bearing current accounts and time deposits choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Company held money market position of $525,792, $522,341, $625,161 and $540,335, respectively, and other liquid assets of $541, $534, $535 and $529, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: June 30, 2013	Less than 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	Book value
Accounts payable	$ 97,610	$ -	$ -	$ -	$ 97,610
Other payables	79,598	44,778	-	-	124,376
Long-term payables	-	-	6,138	1,737	7,875

Non-derivative financial liabilities: December 31, 2012	Less than 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	Book value
Accounts payable	$ 117,672	$ -	$ -	$ -	$ 117,672
Other payables	25,492	31,281	-	-	56,773
Long-term payables	-	-	6,138	4,604	10,742

Non-derivative financial liabilities: June 30, 2012	Less than 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	Book value
Accounts payable	$ 207,494	$ -	$ -	$ -	$ 207,494
Other payables	64,835	48,036	-	-	112,871

Non-derivative financial liabilities: January 1, 2012	Less than 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	Book value
Accounts payable	$ 84,420	$ -	$ -	$ -	$ 84,420
Other payables	17,933	43,886	-	-	61,819

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(a)Loans granted: None.

(b)Endorsements and guarantees provided by the Company to others: None.

(c)Holding of securities as of June 30, 2013: None.

(d)Aggregate purchase or sales of the same securities reaching $100,000 or 20% of paid-in capital or more : None.

(e)Acquisition of real estate reaching $100,000 or 20% of paid-in capital or more : None.

(f)Disposal of real estate reaching $100,000 or 20% of paid-in capital or more: None.

(g)Purchases or sales of goods from or to related parties reaching $100,000 or 20% of paid-in capital or more: None.

(h)Receivables from related parties reaching $100,000 or 20% of paid-in capital or more : None.

(i)Derivative financial instruments undertaken: None.

(2) Information on investees

None.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

The Company operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Segment information

The Chairman is identified as the chief operating decision-maker, who assesses the segment performance through the financial statements for operating decisions, allocating resources and assessing performance.

(3) Reconciliation for segment income (loss)

The information provided to the chief operating decision-maker on segment sales, profit or loss, assets and liabilities and financial statements are determined consistently with the external reporting without any adjustments.

15. INITIAL APPLICATION OF IFRSs

These interim financial statements are the first second quarter-end financial statement prepared by the Company in accordance with the IFRSs. The Company has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Company, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Company's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Company

A. Employee benefits

The Company has elected to recognize all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

B. Share-based payment transactions

The Company has elected not to apply the requirements in IFRS 2, 'Share-based Payment', retrospectively to equity instruments that were vested arising from share-based payment transactions prior to the transition date.

(2) Except for hedge accounting and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Company, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. The Company's initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A.Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 540,773	$ -	$ 540,773	
Accounts receivable	189,868	-	189,868	
Other receivables	919	-	919	
Inventories	83,114	-	83,114	
Prepayments	8,144	-	8,144	
Other current assets	529	-	529	
Deferred income tax assets-current	19,814	(19,814)	-	(1)
Total current assets	843,161	(19,814)	823,347	
Non-current assets				
Property, plant and equipment	266,493	-	266,493	
Intangible assets	45,632	-	45,632	
Deferred income tax assets	11,540	19,814	31,354	(1)
Other non-current assets	3,620	142	3,762	(2)
Total non-current assets	327,285	19,956	347,241	
Total assets	$ 1,170,446	$ 142	$ 1,170,588	
Current liabilities				
Accounts payable	$ 84,420	$ -	$ 84,420	
Other payables	59,602	2,217	61,819	(3)
Current income tax liabilities	10,175	-	10,175	
Other current liabilities	3,793	-	3,793	
Total current liabilities	157,990	2,217	160,207	
Total liabilities	157,990	2,217	160,207	
Equity attributable to owners of the parent				
Share capital				
Common stocks	386,151	-	386,151	
Capital surplus	369,133	-	369,133	
Retained earnings				
Legal reserve	151,076	-	151,076	
Unappropriated retained earnings	106,096	(2,075)	104,021	(2)(3)
Total equity	1,012,456	(2,075)	1,010,381	
Total liabilities and equity	$ 1,170,446	$ 142	$ 1,170,588	

B.Reconciliation for equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 522,764	$ -	$ 522,764	
Accounts receivable	255,776	-	255,776	
Other receivables	6,429	-	6,429	
Inventories	118,332	-	118,332	
Prepayments	3,372	-	3,372	
Other current assets	534	-	534	
Deferred income tax assets-current	26,875	(26,875)	-	(1)
Total current assets	934,082	(26,875)	907,207	
Non-current assets				
Property, plant and equipment	257,636	-	257,636	
Intangible assets	54,265	-	54,265	
Deferred income tax assets	-	26,875	26,875	(1)
Other non-current assets	5,098	-	5,098	(2)
Total non-current assets	316,999	26,875	343,874	
Total assets	$ 1,251,081	$ -	$ 1,251,081	
Current liabilities				
Accounts payable	117,672	-	117,672	
Other payables	51,835	4,938	56,773	(3)
Current income tax liabilities	12,400	-	12,400	
Other current liabilities	2,854	-	2,854	
Total current liabilities	184,761	4,938	189,699	
Non-current liabilities				
Long-term payable	10,742	-	10,742	
Total non-current liabilities	10,742	-	10,742	
Total Liabilities	195,503	4,938	200,441	
Equity attributable to owners of the parent				
Share capital				
Common stocks	386,151	-	386,151	
Capital surplus	369,133	-	369,133	
Retained earnings				
Legal reserve	161,539	-	161,539	
Unappropriated retained earnings	138,755	(4,938)	133,817	(3)
Total equity	1,055,578	(4,938)	1,050,640	
Total liabilities and equity	$ 1,251,081	$ -	$ 1,251,081	

C.Reconciliation for equity on June 30, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 625,498	$ -	$ 625,498	
Accounts receivable	267,592	-	267,592	
Other receivables	13	-	13	
Inventories	128,981	-	128,981	
Prepayments	2,823	-	2,823	
Other current assets	535	-	535	
Deferred income tax assets-current	8,277	(8,277)	-	(1)
Total current assets	1,033,719	(8,277)	1,025,442	
Non-current assets				
Property, plant and equipment	261,684	-	261,684	
Intangible assets	38,411	-	38,411	
Deferred income tax assets	7,785	8,277	16,062	(1)
Other non-current assets	3,630	142	3,772	
Total non-current assets	311,510	8,419	319,929	
Total assets	$ 1,345,229	$ 142	$ 1,345,371	
Current liabilities				
Accounts payable	$ 207,494	$ -	$ 207,494	
Other payables	108,804	4,067	112,871	(3)
Current income tax liabilities	9,648	-	9,648	
Other current liabilities	1,189	-	1,189	
Total current liabilities	327,135	4,067	331,202	
Total Liabilities	327,135	4,067	331,202	
Equity attributable to owners of the parent				
Share capital				
Common stocks	386,151	-	386,151	
Capital reserves	369,133	-	369,133	
Retained earnings				
Legal reserve	161,539	-	161,539	
Unappropriated retained earnings	101,271	(3,925)	97,346	(3)
Total equity	1,018,094	(3,925)	1,014,169	
Total liabilities and equity	$ 1,345,229	$ 142	$ 1,345,371	

D.Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 1,242,128	$ -	$ 1,242,128	
Operating costs	(908,291)	(613)	(908,904)	(2)(3)
Gross profit	333,837	(613)	333,224	
Operating expenses				
Selling expenses	(21,844)	(154)	(21,998)	(2)(3)
General & administrative expenses	(38,947)	(436)	(39,383)	(2)(3)
Research and development expenses	(144,313)	(1,318)	(145,631)	(2)(3)
Total operating expenses	(205,104)	(1,908)	(207,012)	
Operating profit	128,733	(2,521)	126,212	
Non-operating revenue and expenses				
Other income	6,319	-	6,319	
Other gains and losses	(28,304)	72	(28,232)	(2)
Finance costs	(1)	-	(1)	
Profit before income tax	106,747	(2,449)	104,298	
Income tax expense	(17,287)	-	(17,287)	
Profit for the period	$ 89,460	($ 2,449)	$ 87,011	
Other comprehensive income				
Actuarial gain (loss) on defined benefit plan	$ -	($ 414)	($ 414)	(2)
Other comprehensive income for the period, net of tax	-	(414)	(414)	
Total comprehensive income for the period	$ 89,460	($ 2,863)	$ 86,597	

E.Reconciliation for comprehensive income for the six-month period ended June 30, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 665,550	$ -	$ 665,550	
Operating costs	(473,021)	(288)	(473,309)	(3)
Gross profit	192,529	(288)	192,241	
Operating expenses				
Selling expenses	(11,815)	(94)	(11,909)	(3)
General & administrative expenses	(21,119)	(307)	(21,426)	(3)
Research and development expenses	(77,380)	(1,161)	(78,541)	(3)
Total Operating expenses	(110,314)	(1,562)	(111,876)	
Operating profit	82,215	(1,850)	80,365	
Non-operating revenue and expenses				
Other income	1,819	-	1,819	
Other gains and losses	(6,907)	-	(6,907)	
Finance costs	(1)	-	(1)	
Profit before income tax	77,126	(1,850)	75,276	
Income tax expense	(25,150)	-	(25,150)	
Profit for the period	$ 51,976	($ 1,850)	$ 50,126	
Other comprehensive income				
Actuarial gain (loss) on defined benefit plan	-	-	-	
Other comprehensive income for the period, net of tax	-	-	-	
Total comprehensive income for the period	$ 51,976	($ 1,850)	$ 50,126	

F.Reconciliation for comprehensive income for the three-month period ended June 30, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 373,343	$ -	$ 373,343	
Operating costs	(270,658)	96	(270,562)	(3)
Gross profit	102,685	96	102,781	
Operating expenses				
Selling expenses	(6,741)	117	(6,624)	(3)
General & administrative expenses	(11,177)	73	(11,104)	(3)
Research and development expenses	(39,287)	269	(39,018)	(3)
Total operating expenses	(57,205)	459	(56,746)	
Operating profit	45,480	555	46,035	
Non-operating revenue and expenses				
Other income	7,746	-	7,746	
Other gains and losses	(3,694)	-	(3,694)	
Finance costs	-	-	-	
Profit before income tax	49,532	555	50,087	
Income tax expense	(16,703)	-	(16,703)	
Profit for the period	$ 32,829	$ 555	$ 33,384	
Other comprehensive income				
Actuarial gain (loss) on defined benefit plan	-	-	-	
Other comprehensive income for the period, net of tax	-	-	-	
Total comprehensive income for the period	$ 32,829	$ 555	$ 33,384	

Reasons for differences are outlined below :

Item	Explanations	Accounts	Increase (Decrease) 1-Jan-12	30-Jun-12	31-Dec-12
(1)	In accordance with R.O.C. GAAP , a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a	Deferred income tax assets-current	($ 19,814)	($ 8,277)	($ 26,875)
	deferred tax asset or liability that is not related to an asset or liability for financial reporting should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current. Accordingly, the Company should reclassify the account “deferred income tax assets” from current to non-current on transition date.	Deferred income tax assets-non current	19,814	8,277	26,875
(2)	The discount rate used to calculate pensions shall be determined with reference to the factors	Prepaid pension cost	142	142	-
	specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, ‘Employee Benefits’, requires	Retained earnings	142	142	142
	an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the reporting period on high quality corporate bonds of a currency and term	Actuarial loss from benefit pension	-	-	414
	consistent with the currency and term of the benefit obligation; when there is no deep market in	Operating expense	-	-	(200)
	corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead. In accordance with the Company's accounting policies, unrecognised transitional net benefit obligation should be amortised on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provisions in IAS 19 are not applied to the Company as the first-time adopter of IFRSs, so the Company has no unrecognised transitional liabilities. In accordance with R.O.C. GAAP, the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognised on the balance sheet (“minimum pension lia-bility”). However, IAS 19, ‘Employee Benefits’, has no regulation regarding the minimum pension liability. In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Company is recognised in net pension cost of current period using the ‘corridor’ method. However, in accordance with IAS 19, ‘ Employee Benefits’, the Company selects to recognise immediately actuarial pension gain or loss in other comprehensive income.	Other income	-	-	72
(3)	R.O.C. GAAP does not specify the rules on the cost recognition for accumulated unused	Accrued expenses	2,217	4,067	4,938
	compensated absences. The Company recognises such costs as expenses upon actual payment.	Retained earnings	(2,217)	(2,217)	(2,217)
	However, IAS 19, ‘Employee Benefits’, requires that the costs of accumulated unused	Operating costs	-	288	613
	compensated absences should be accrued as expenses at the end of the reporting period.	Operating expenses	-	1,562	2,108

G.Major adjustments for the statement of cash flows for the six-month period ended June 30, 2012:

(a)Under R.O.C. GAAP, payment of interest and receipt of interest and dividend are all included in cash flows from operating activities. However, under IFRSs, payment of interest is classified as cash flows from financing activities, receipt of interest as cash flows from investing activities and receipt of dividend as cash flows from investing activities.

(b)Under R.O.C. GAAP, payment of dividend is included in cash flows from financing activities. However, under IFRSs, the Company has elected to classify payment of dividend as cash flows from operating activities.

(c)The transition from R.O.C. GAAP to IFRSs has no effect on the Company's cash flows reported.

(d)The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Company's cash flows reported.

H.The accounting policies and selection of exemptions applied in these interim financial statements may be different from those applied in the first year-end IFRSs financial statements due to the issuance of related regulations by regulatory authorities, changes in economic environment, or changes in the evaluation of the impact of application of accounting policies and exemptions by the Company.